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THE PRICE CONCEPT IN RELATION TO VALUE.

Round Table Meeting—F. A. FETTER, Chairman.

F. A. FETTER in opening the discussion as leader, gave some results of a study upon the usage of the word price. In this study one hundred and fifteen definitions were collected, and the writings of many more economists were examined. The definitions fall into two groups according as price is, or is not, taken to be peculiarly connected with the monetary expression. Of monetary forms fifty-seven examples were found, of non-monetary, fifty-eight. Each of these groups has three subdivisions, distinguished by their relationship, direct or indirect, to the various writers' concepts of value. (a) The first type relates to objective exchange value, purchasing power. (b) The second relates to subjective value, otherwise "utility." (c) The third looks upon price as a ratio merely, usually connected with subjective value.

In making a choice of a definition one is called upon to decide on a number of issues: monetary *vs.* non-monetary, bidders' *vs.* actual exchangers' price, market *vs.* isolated transaction, value terms *vs.* concrete terms, subjective *vs.* objective value, quantum *vs.* ratio, and other issues suggested from various quarters.

The following is a very brief outline, not in any sense a literal report, of the opinions advanced in the discussion. It was prepared by the Chairman by request of the Secretary of the Association.

WALTER E. CLARK: There is great need of agreement among economists upon the definition of the term, but the question calls for further study. Price might be used for the monetary expression of goods in exchange, and their expression in any other goods be called barter-value. Thus utility measured is value, utility measured by money is price; utility measured by other goods is barter-value. Whatever be the definition chosen, price must have several adjectives (or predicates) to express the specific forms.

J. R. TURNER: Price may be defined as value expressed in terms of some good or goods given in exchange. But the definition needs to be interpreted if not modified. Value is subjective, is the

importance attached to a thing by the individual. Price, the amount of other things given or exchanged for a thing, gives only an approximate expression of value, which varies in the minds of different buyers and sellers in the market. Price is built upon individual valuations; which in turn are in many cases brought into conformity with price by the acts of buying and selling.

A. P. USHER: The three types of definition, according to relation with value, may possibly exemplify the Hegelian categories, (a) being the thesis, (b) the antithesis, and (c) the synthesis.

Mr. —————: The problem has much the character of a question of law, that of determining the best interpretation of words. A correct and consistent terminology has great practical bearings. It should be possible for economists to agree upon a definition that would be applicable to business and in accord with the best business usage.

A. B. WOLFE: Much of the discussion of this subject may be making an easy question difficult. The good old fashioned definition, price as purchasing power expressed in terms of money, still has most in its favor.

B. M. ANDERSON: Price and value (in any sense) are not the same, and price therefore cannot be defined in terms of value. The value, moreover, with which we are most concerned is social value, and neither objective exchange-value nor individual subjective value.

H. G. BROWN: The definition of price as a ratio seems permissible. The business man uses price as a rate per piece, and value as the product of the number of pieces by the rate. It is true that the business usage may be understood also in a different way, as a contrast between price as the actual amount given in exchange and value as the individual's estimate of price. The individual's estimate (utility) influences price.

G. P. WATKINS: Something should be made of the suggestion that economics follow the example of the law and introduce refinements of terminology by way of adjectives. Economists should make the definitions of such terms as price and value broad and comprehensive. "Price" and "value" should be generic, the species being indicated by adjectives. An example

of the tendency objected to is the proposal that value be restricted to what might better be called aggregate or collective value.

A. A. YOUNG: It is to be regretted that the discussion is too much on value-theory, rather than on price. A good definition of price should be divorced from a value-theory, and should conform to ordinary usage. Price is a quantum of money, in which a ratio is implicit.

S. N. PATTEN: Definitions have largely been formulated to get one's opponents into a hole, not for pure scientific purposes. Ricardo's adoption of a monetary definition of price helped to show the growing contrast between the money economy and the barter economy, which had been declining since the time of Adam Smith. A good definition must express some kind of contrast that is significant. Such in Ricardo's time was the contrast between barter and exchange by use of money; but such a contrast has no longer a purpose.

The leader, concluding the discussion, reviewed the divergencies of opinion. Conformity to business usage is a formula difficult of application; for business usage is inconsistent with itself and is constantly shifting. To accept one popular sense of a term makes it impossible to accept any one of several others; and again the most popular of several meanings proves, on examination, to be the most illogical and mischievous for scientific uses. It is an illusory hope that when baffled and defeated in their studies to get a clear concept, economists have but to go into the market place and catch a scientific definition from the Babel. What we must do is to find in the conflicting terms of the street the most essential thoughts, and then so far as possible to conserve these within a system of scientific terms, each logical in itself and all mutually consistent. The discussion has not answered all the questions it has raised, but it may be hoped that this interchange of opinions will tend to further discussion and to positive results in terminology.